

THE FACTS SET OUT IN THIS DOCUMENT HAVE BEEN AGREED BETWEEN EXECUTIVE COUNSEL AND THE RESPONDENT FOLLOWING AN INVESTIGATION INTO THE CONDUCT OF THE RESPONDENT. THE SETTLEMENT AGREEMENT DOES NOT FOLLOW A HEARING OF EVIDENCE BY A TRIBUNAL. NO FINDINGS HAVE BEEN MADE, NOR SHOULD BE TAKEN TO HAVE BEEN MADE, AGAINST ANY OTHER PERSONS.

IN THE MATTER OF

THE EXECUTIVE COUNSEL TO THE FINANCIAL REPORTING COUNCIL

-and-

GERARD BRADLEY

SETTLEMENT AGREEMENT

Edited for publication

1. This Settlement Agreement (“**Agreement**”) is made on the 13th day of December 2016 between Gareth Rees QC as the Executive Counsel of the Financial Reporting Council (“**FRC**”), of 8th Floor, 125 London Wall, London, EC2Y 5AS (“**the Executive Counsel**”) of the first part, and Mr Gerard Bradley of Rathfarnham, Dublin, Republic of Ireland (“**Mr Bradley**”) of the second part. The Executive Counsel, and Mr Bradley together are described as “**the Parties**”.
2. The Agreement is evidenced by the signatures of the Executive Counsel on his own behalf, and by Mr Bradley on his own behalf.
3. The Particulars of Fact and Acts of Misconduct against Mr Bradley (“**the Particulars**”) as a member of the Institute and Faculty of Actuaries (“**IFoA**”) were prepared by the Executive Counsel in accordance with the FRC Actuarial Scheme (“**the Scheme**”) and are annexed. The Particulars relate to the conduct of Mr Bradley in relation to his role as Director of Actuarial and Pricing at RSA Insurance Ireland Limited (“**RSA**”) and in respect of the financial years ending 31 December 2009 and 31 December 2010. The allegation of Misconduct relates to Mr Bradley’s failure to whistle-blow regarding the Under-Reserving Practice (such practice is defined in the Particulars) or sufficiently challenge his colleagues in respect of it.
4. Mr Bradley admits the Particulars, including Allegation 1 as set out in the Particulars.
5. The Parties recognise that the determination to be made in this case is a matter for the Tribunal member in accordance with paragraph 8(4) (ii) of the Scheme.
6. The Executive Counsel and Mr Bradley have agreed the following terms of settlement:

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A Reprimand

A Fine of £70,000 adjusted for aggravating and mitigating factors and discounted for settlement to £45,500. The Fine shall be paid in 12 equal instalments due as follows:

Instalment one: payable no later than 14 days after the date when the Settlement Agreement takes effect.

Instalments two to twelve inclusive: on or before the 5th day of each calendar month, commencing from the first month following payment of instalment one.

In reaching this Agreement with Mr Bradley, the Executive Counsel considered the following stages and took account of the following factors in accordance with the FRC's Sanctions Guidance (the "**Sanctions Guidance**") approved on 15 November 2016:

Nature and Seriousness of the Misconduct

- a. Mr Bradley held a senior position, being the most senior Actuary at RSA, with supervisory responsibilities.
- b. The Misconduct could undermine confidence in the standards of conduct in general of Members and the profession generally.
- c. The nature, extent and importance of the standard breached. The Misconduct relates to the Respondent's breach of one of the Core Principles of the IFoA Actuaries Code which actuaries are expected to observe in their professional lives. As set out in the Actuaries Code, actuaries have a core obligation to serve the public interest; compliance with the Core Principles is one of the ways in which the Actuarial Profession discharges that obligation
- d. The inappropriate practice to which the Misconduct relates was significant to the financial statements and Actuarial surplus estimates of one of the largest insurance companies in Ireland.
- e. Mr Bradley was solely responsible for his Misconduct.
- f. The Misconduct was not dishonest or reckless nor did it involve a breach of integrity.

Identification of Sanction

Having assessed the seriousness of the Misconduct, the Executive Counsel has determined that the appropriate sanctions are: a Reprimand and a Fine. Executive

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Counsel has then taken into account any aggravating and mitigating factors that exist (to the extent that they have not already been taken into account in relation to the seriousness of the Misconduct). Having considered those additional factors set out below, Executive Counsel has determined that no adjustment to sanction is necessary.

Aggravating Factors

N/A

Mitigating Factors

- a. Mr Bradley has a good compliance history and disciplinary record.
- b. Mr Bradley has fully co-operated with Executive Counsel throughout the investigation of Misconduct.
- c. Mr Bradley has acknowledged and accepted responsibility for the Misconduct, he has demonstrated contrition.
- d. Mr Bradley took steps to challenge the operation of the Under-Reserving Practice (as defined in the Particulars) with senior management, to cease the practice, although he accepts that the challenge was unsuccessful.

Deterrence

No adjustment for deterrence is required in this case.

Discount for Admissions and Settlement

Having taken into account full admissions by Mr Bradley and the stage at which those admissions were made (in Stage 1 of the case in accordance with paragraph 59 of the Sanctions Guidance), the Executive Counsel determined that a reduction of 35% as to the Fine as a settlement discount is appropriate.

Other Considerations

In accordance with paragraph 32 (iii) of the Sanctions Guidance, the Executive Counsel has taken into account Mr Bradley's financial resources; and that there are no arrangements that would result in part or all of the Fine being paid or indemnified by insurers.

Costs

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7. The Executive Counsel and Mr Bradley have agreed the following terms of settlement:

A sum of £3,500 to be paid by Mr Bradley, as a contribution towards the Executive Counsel's costs of, and incidental to, the investigation. The costs shall be paid not later than 28 days after the date when the Settlement Agreement takes effect.

In accordance with paragraph 62 of the Sanctions Guidance, the Executive Counsel has taken into account Mr Bradley's financial position and the impact of the Fine; and that there are no arrangements that would result in part or all of any award of costs being paid or indemnified by insurers or his firm.

8. If the decision of the Tribunal member is to approve the Agreement, including the sanctions set out above, then the Agreement shall take effect from the next working day after the date on which the notice of the decision is sent to Mr Bradley in accordance with paragraph 8(4) (iv) of the Scheme.

9. The Agreement and annex will remain confidential until publication in accordance with paragraph 8(6) of the Scheme.

GARETH REES QC
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Gareth Rees QC
Executive Counsel

13 DECEMBER 2016
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Date

GERARD BRADLEY
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Mr G. Bradley

9 DECEMBER 2016
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Date